

Message Text

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TAGS: PFOR, ECON, CE

SUBJ: SRI LANKA WHEAT FLOUR POSITION

REF: A) COLOMBO 913 B) COLOMBO 376

1. SUMMARY: FOLLOWING SIGNING OF PL 480 TITLE I AGREEMENT, GSL'S CY 1975 FLOUR REQUIREMENTS ARE COVERED AT NOW EXPECTED DISTRIBUTION LEVELS. GSL HAS ANNOUNCED THAT FLOUR WILL GO OFF RATION APRIL 1, BUT DOES NOT EXPECT MAJOR INCREASE IN MONTHLY DISTRIBUTION REQUIREMENT. END SUMMARY.

2. WITH PL 480 TITLE I FLOUR AGREEMENT SIGNED MARCH 25, GSL FLOUR REQUIREMENTS ARE COVERED THROUGH END CALENDAR YEAR 1975 IF EXPECTED DISTRIBUTION LEVELS HOLD. ACCORDING TO FOOD COMMISSIONER (FC) MARCH 25, FLOUR IMPORT ARRIVALS AND DISTRIBUTION WILL BE AS FOLLOWS:

CY 1975 STOCK/IMPORT ARRIVALS (METRIC TONS):

JAN 1, 1975 STOCK 84,000

FRANCE (COMMERCIAL) 165,000

SINGAPORE (COMMERCIAL) 30,000
AUSTRALIAN FLOUR (COMMERCIAL) 100,000
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FLOUR MILLED FROM AUSTRALIAN WHEAT (COMMERCIAL) 72,000

TOTAL NON US GIFTS 96,000

US PL 480 TITLE I

TOTAL FLOUR AVAILABLE 647,000

TOTAL PROJECTED DISTRIBUTION 580,000

JANUARY 1, 1976 CARRY OVER 67,000

3. FOREIGN AND INTERNAL TRADE MINISTRY HAS ANNONCED THAT FLOUR WILL BE AVAILABLE OFF RATION ON APRIL 1. CONSUMERS WILL BE ABLE TO BUY ANY AMOUNT AT PRICE PREVAILAING SINCE AUGUST 5, 1974, RS 1.10 PER POUND. SINCE THAT DATE FLOUR RATION HAS BEEN 1/2 TO 1-1/2 POUNDS PER PERSON DEPENDING ON POPULATION AND RICE SUPPLY IN VARIOUS PARTS OF ISLAND. WHEN FLOUR GOES OFF RATION FC BELIEVES SUSTAINED HIGH PRICE WILL HOLD MONTHLY DISTRIBUTION INCREASE FROM PRESENT 45,000 TONS TO AVERAGE 50,000 TONS THROUGH YEAR END. THUS TOTAL REQUIREMENT WILL BE 580,000 TONS OR PERHAPS 600,000 TONS. THIS SEEMS REASONABLE ASSUMPTION SINCE MONTHLY CONSUMPTION WAS LOWER (ABOUT 36,000 TONS) BEFORE FLOUR RATIONING AND LARGE PRICE INCREASES WERE IMPOSED BEGINNING OCTOBER 1973.

4. FC ALSO TOLD US THAT AFTER EXTENDED NEGOTIATION IN CANBERRA OVER QUANTITY AND TERMS, GSL FINALLY CONTRACTED 100,000 TON FLOUR PURCHASE AS ORIGINALLY PLANNED BUT ON TERMS OF ONE YEAR AT 9 PERCENT, CONSIDERABLY HARDER THAN GSL HAD WANTED.

VAN HOLLEN

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